

CentralNic Group

Flying high with 62% organic revenue growth

H122 trading update

Software & comp services

21 July 2022

Price **137p**

Market cap **£372m**

US\$1.20/£

Net debt (US\$m) at 30 June 2022 65

Shares in issue 271.2m

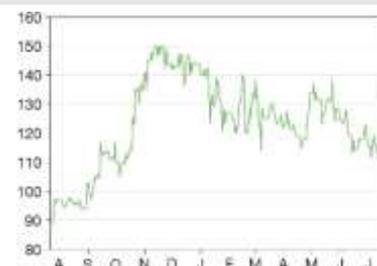
Free float 73%

Code CNIC

Primary exchange AIM

Secondary exchange N/A

Share price performance



Business description

CentralNic Group provides the essential tools for businesses to go online, operating through two divisions: online presence (reseller, corporate and SME); and online marketing. Services include domain name reselling, hosting, website building, security certification and website monetisation.

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CentralNic has delivered another record quarter, with pro forma last 12 months organic revenue growth of 62% to 30 June 2022 (53% to 31 March 2022), driven by the performance of the Online Marketing division. CentralNic's privacy-safe approach to online marketing has proved resilient and to be high growth. As a result, H122 revenue is expected to be US\$335m (H121: US\$175m), with adjusted EBITDA of US\$38m (H121: US\$20.5m), a margin of 11.3% (Q122: 11.8%). Both H122 revenue and adjusted EBITDA figures represent 58% of our FY22 estimates (revenues US\$573m, adjusted EBITDA US\$66m). Management is guiding towards CentralNic meeting at least the upper end of market expectations for FY22, disclosed as revenues of US\$603m and adjusted EBITDA of US\$70m, although this appears conservative given the annual run-rate. CentralNic trades on an undemanding rating given its growth (FY22 EV/adjusted EBITDA of 6.8x and P/E of 9.5x). We will review our forecasts with the full H122 results due on 30 August.

Year end	Revenue (US\$m)	Adjusted EBITDA* (US\$m)	PBT* (US\$m)	EPS** (c)	DPS (c)	P/E (x)
12/19	240.0	29.4	18.6	10.0	0.0	16.5
12/20	410.5	46.3	31.9	11.8	0.0	13.9
12/22e	573.5	65.9	51.1	15.5	0.0	10.6
12/23e	672.4	76.0	62.5	17.3	0.0	9.5

Note: *Excludes impact of share-based payments, share option expense, foreign exchange charges and non-core operating costs. **FY22e and FY23e EPS figures reflect 271.2m voting shares in issue.

Net debt was down 20% at the end of the first half to US\$65m versus FY21 (US\$81m) and up marginally from US\$61.3m as at the end of Q122. Adjusted cash conversion remained above 100%. As of June 2022, CentralNic joined the AIM 100 and AIM UK 50 indices.

In parallel with the trading update, CentralNic also confirmed a final US\$1.14m deferred cash payment for the August 2018 acquisition of KeyDrive (Online Presence). inter.services, KeyDrive's major selling shareholder, has agreed to a 180-day lock-up on its shares. inter.services is a company through which Horst Siffrin, one of CentralNic's non-executive directors, holds a 12.84% stake in CentralNic.

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